

MEMORANDA OF UNDERSTANDING AND Inter-Agency Agreements
632(a) Agreements (Memoranda of Understanding)

632(b) Agreements (Inter-Agency Agreements (IAA))

Transfers

Allocation

1. Appropriate when other agency will carry out inherently governmental functions emphasizing the use of its expertise.

Generally, USAID funds other agency's expertise.

Used when USAID wants a hands off approach. That is, USAID is not actively involved in program's operation.

USAID has no personnel responsibilities

Same as transfer

2. Funds go off of the books of USAID and upon transfer are no longer a part of USAID's operating year budget
- Funds stay on the books of USAID and remain part of USAID's operating year budget

Appropriate when the other agency will carry out inherently governmental functions, including technical assistance, emphasizing the extension of USAID's.

Used when USAID wants a hands on approach or when obligated funds are available and no personnel are involved

Use of personnel depends on agreement. (1)PASAs are used for specific services involving personnel in USAID/W and field. (2)RSSAs are for professional support from other agency on continuing basis in USAID/W. (3)Other IAAs are for other agency's resources in direct support of a development objective in contrast to management of program and do not involve personnel

- Funds stay on the books of USAID and remain part of USAID's operating year budget

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| 3. | Recipient agency responsible for obligating the funds; CN is done at least 15 days before obligation | Same as transfer | Funds are obligated by signature of the agreement by both parties. CN is done at least 15 days before agreement is signed. |
| | USAID may prepare CN because it is more familiar with respective oversight committees, but recipient agency is responsible to ensure that CN is done. | | USAID provides funds to recipient agency on an advance reimbursement basis |
| 4. | Recipient agency is accountable for use of the funds | Same as transfer | Both USAID and recipient are accountable |
| 5. | Purpose of the transfer is stated very generally | Same as transfer | Agreement includes standard provisions regarding billing, financial and progress reports, work plans, monitoring and reporting to be submitted to USAID by the recipient agency |
| 6. | The program description, if any, submitted to USAID by the recipient agency is not a part of the 632(a) | Same as transfer | The agreement includes a program description and a budget that are binding on the recipient agency |
| 7. | Within the broad purpose of the transfer, the recipient agency may make unilateral changes in the manner of implementation that differs from the original program description without notifying USAID | Same as transfer | See #6

Implementation letters are used (1) to provide prior written approval of USAID which is required for adjustments to budget line items in excess of 15 percent; (2) to record mutually agreed adjustments to the program description and to extend the completion date |

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Overall program supervision is the responsibility of the recipient agency, and the recipient agency, not USAID, implements the activity financed under the agreement

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| 8. As long as the total amount budgeted for an activity or program is not exceeded, the use of the funds is directed towards achievement of the broadly stated purpose, and is not in violation of applicable statutes, the recipient agency can utilize funds for appropriate costs as it sees fit, despite what was provided in the illustrative budget | Same as transfer |
| 9. Recipient agency to administer the transferred funds in accordance with all applicable law | Same as transfer |
| 10. Recipient agency may use the authorities set forth in either the FAA or the recipient agency's governing legislation, or a combination of both | Same as transfer |

See #5, #7

Agreement contains extensive guidance regarding procurement

If USAID discovers that implementation issues exist, USAID should raise them with the recipient agency, during consultations at the staff or higher level, in order to facilitate resolution and successful implementation of the activity by the recipient agency

Same as 632 (a)

Compliance with USAID policy guidance is required

The recipient agency uses the authorities set forth in the FAA in implementing the program financed with the 632 (b) funds

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| 11. | Typically no completion date is currently specified in 632(a) transfer agreements. Recipient agency must comply with funds availability laws. | USAID must agree to the recipient agency's use of allocated funds beyond the specified completion date | Completion date is specified |
| 12. | Recipient agency's Inspector General is responsible for all audits related to transfers | Same as transfer | <p>Amendment or cancellation of agreement must be done pursuant to the written agreement of USAID and the recipient agency</p> <p>USAID agrees with the recipient agency on the terms of reference for the evaluation of the program</p> <p>Evaluations or IG review of the matter can be used as tools to enhance consultations aimed at resolving implementation issues</p> <p>If consultations fail to resolve issues, USAID can request its IG to mediate and facilitate resolution</p> <p>USAID IG is responsible for audits related to activities financed under agreement</p> |
| 13. | On occasion an illustrative (but not exhaustive) list of statutory provisions may be attached to transmittal letter | Same as transfer | See #7, #10 |
| 14. | No requirement for reporting to USAID | USAID receives monthly and quarterly financial reporting, as well as an annual certification stating that information provided related to obligations and disbursements was correct and that funds were expended for the purpose of the allocation | Consultation between USAID and the recipient agency is required under the agreement to assure that the purpose of the agreement will be accomplished, including consultations regarding progress of the program, performance of obligations under the agreement, |

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agreement

performance of consultants, contractors or suppliers, and other matters related to the program

15. *E&E Bureau*: State Coordinator for NIS (S/NIS/C) has instructed recipient agencies to report information for NIS programs to S/NIS. State Coordinator for Eastern Europe has not made same instruction; however, both coordinators are responsible for reporting to Congress on the President's behalf for their respective regions of responsibility

Same as transfer

See #14

If consultations fail to resolve issues, USAID can request the State Coordinator to mediate and facilitate resolution

16. *E&E Bureau*: Under the Freedom Support Act, the State Coordinator for NIS ensures the proper management, implementation and oversight by recipient agencies for his respective region. In this capacity, the coordinator may choose to play a greater or lesser role in reviewing implementation by recipient agencies. NIS Coordinator receives a detailed program description and an estimate of the expected obligations in the next six months, which he then approves. Upon approval by S/NIS/C, USAID is authorized to sign the 632(a) agreement and

Same as transfer

See #15

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provide the first tranche of funds.

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| 17. | <i>E&E Bureau:</i> Under the SEED Act, the State Coordinator for Europe (D/EEA) is responsible for overseeing and coordinating all programs and activities conducted by the USG in furtherance of the purposes of the SEED Act. Although the Europe Coordinator clears prior to USAID executing transfer agreements, it is not certain which additional procedures facilitate D/EEA's meeting his responsibilities for oversight and coordination. | Same as transfer | See #15 |
| 18. | <i>E&E Bureau:</i> During implementation, should USAID or other USG agencies or officials become aware that there are potential problems with the manner in which the recipient agency is implementing its program with transfer funds, USAID should bring this information to the Coordinator's attention. The Coordinator by its statutory authority has responsibility to use the information to ensure the proper management, implementation, oversight and coordination of the activities undertaken with transfer funds. | Same as transfer | See #15 |

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| 19. Within the mandate that the Ambassador is the President's representative in country, the Embassy/Ambassador has no formal role in implementation of activities financed under 632(a) transfer agreements; however, the recipient agency will have a similar relationship with the Embassy/Ambassador as USAID does when it implements its own programs in the host country | Same as transfer | Same as 632 (a) |
| 20. <i>E&E Bureau</i> : Within the mandate that the Ambassador is the President's representative in country, the Embassy/Ambassador can formally obtain programmatic and financial information regarding activities being implemented in the host country by the recipient agency from the State Coordinator; however, informally, or in the interests of other agency cooperation, the Embassy/Ambassador may be able to obtain such information directly from the recipient agency. | Same as transfer | Same as 632 (a)

It is preferable for USAID to encourage the recipient agency to provide Embassy/Ambassador with requested information, or to facilitate provision of information from the State Coordinator to the Embassy, rather than provide the information directly. If USAID must provide the information directly to Embassy/Ambassador, it should be on record as having notified recipient agency that it is doing so |
| 21. Upon execution of the 632(a) transfer agreement, other than transferring the funds in one or more tranches to the recipient agency, USAID has no further formal involvement | Same as transfer | See #3, #4, #8, #12

Nine months after the completion date, USAID may unilaterally deobligate funds which have not been disbursed and for which |

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USAID has not received
reimbursement requests

22. No provisions for refunds to USAID; however, if recipient agency's IG finds that funds have been misused, refund to the program/activity or to U.S. Treasury may be warranted.

Funds not expended by the completion date, or funds expended for purposes not authorized under the agreement are to be promptly returned to USAID

Funds expended for unauthorized purposes shall either be refunded to the program/activity for appropriate use or returned to USAID